



# CITY OF SAN ANTONIO

P. O. BOX R3966  
SAN ANTONIO, TEXAS 78283-3966

September 2, 2005

Phil Hardberger  
Mayor

Roger O. Flores  
Councilman, District 1

Sheila D. McNeil  
Councilwoman, District 2

Roland Gutierrez  
Councilman, District 3

Richard Perez  
Councilman, District 4

Patti Radle  
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Councilwoman, District 6

Elena Guajardo  
Councilwoman, District 7

Art A. Hall  
Councilman, District 8

Kevin Wolff  
Councilman, District 9

Chip Haass  
Councilman, District 10

J. Rolando Bono  
City Manager

Ladies and Gentlemen:

RE: City of San Antonio August 2005 Internal Audit Department Peer Review Report and Response

The Internal Audit Department is pleased to forward to you an opinion letter concerning the Office's peer review conducted in August 2005. In addition, there is a management letter related to the review, and the Department's response to both documents. We follow the Government Accountability Office's generally accepted government auditing standards (GAGAS), which are frequently referred to as the "GAO Yellow Book." These standards include a requirement to have an independent review of the Department at least every three years.

A similar peer review was performed by a team of volunteers from the National Association of Local Government Auditors in July 2001. This peer review was delayed about eight months due to the reorganization of the Internal Audit Department that began in February 2003.

The opinion letter, dated August 12, 2005, indicated that the internal quality control system was suitably designed and operating effectively. In simpler terms, we were compliant with the general standards based upon the team's review. We were pleased with this assessment given the extensive changes that have occurred since the last review.

A management letter, dated August 12, 2005, was provided which commented on several positive observations and recommended improvements. Three areas noted on the positive side included the quality of staff in the office today, the updates to operating policies and procedures, and the transition this year to an electronic audit management system.

The observations noted for improvement included implementing a review of the draft reports by another auditor prior to conducting exit conferences. Also, it was recommended that Department have specific written procedures for performing consulting and other non-audit work for the City Council.

This peer review represents a periodic audit of the Internal Audit Department, and as such is a safeguard for the Mayor and Council concerning how your independent internal audit function operates. The costs to the City of San Antonio amounted to \$3,300 which included reasonable air and ground transportation, and daily meal per diems and hotel expenses for three people. The labor costs for these services are paid by the auditors' employers. In exchange for this service, our Department is asked to make an auditor available to participate in a peer review of another municipal audit department, if requested. The Internal Audit Department is available to discuss the details of this report with you at your individual convenience.

Sincerely,



Patricia M. Major CPA, CIA, CTP, CGFM  
City Internal Auditor  
(210) 207-2853 office; (210) 215-9455 cell

cc: Martha Sepeda, Acting City Attorney  
Leticia Vacek, City Clerk  
Central Library Branch